

**ALBERT TOWNSHIP**  
*(Montmorency)*  
**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED MARCH 31, 2004**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Albert Township		County Montmorency
Audit Date 3/31/04	Opinion Date 9/15/04	Date Accountant Report Submitted to State: 9/22/04		

We have audited the financial statements of this local unit of government and rendered an opinion on the financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations, and fraud letter	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Thomas R. Zick, CPA, P.C.			
Street Address P.O. Box 149	City Lewiston	State MI	ZIP 49756
Accountant Signature 			

ALBERT TOWNSHIP  
TABLE OF CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>COMBINED FINANCIAL STATEMENTS</b>	
Combined Balance Sheet - All Fund Types and and Account Groups	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	5-6
Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types	7
Statement of Cash Flows - All Proprietary Fund Types	8
Notes to Financial Statements	9-12
<b>GENERAL FUND</b>	
Comparative Balance Sheet	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	14
Revenues - Budget and Actual	15
Expenditures - Budget and Actual	16
Detail Analysis of Expenditures	17-19
<b>SPECIAL REVENUE FUNDS</b>	
Combining Balance Sheet - All Special Revenue Funds	20
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - All Special Revenue Funds	21
Special Revenue Funds:	
Fire and Ambulance Fund	22-23
Road Fund	24-25
Library Fund	26-27
<b>ENTERPRISE FUND</b>	
Water Fund	28-30
<b>FIDUCIARY FUND</b>	
Tax Collection Fund	31
<b>ACCOUNT GROUPS</b>	
General Fixed Assets	32
<b>FINANCIAL AUDIT COMMENTS</b>	33-35



Thomas R. Zick CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE (989) 786-4032  
FAX (989) 786-7219

INDEPENDENT AUDITOR'S REPORT  
September 15, 2004

Albert Township Board  
Lewiston, Michigan 49756

Dear Board:

I have audited the accompanying general purpose financial statements of Albert Township, Montmorency County, Michigan as of and for the year ended March 31, 2004 as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Albert Township, Montmorency County, Michigan as of March 31, 2004, and the results of its operations and the cash flows of its Proprietary Fund Type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group statements for the years ended March 31, 2004 and 2003 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Albert Township, Montmorency County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements for the years ended March 31, 2004 and 2003 and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Thomas R. Zick CPA, P.C.  
Certified Public Accountant

ALBERT TOWNSHIP  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
<b>ASSETS</b>			
Cash demand and time deposits	\$ 37,918	\$ 543,945	\$ 7,431
Investments	200,000	395,626	-0-
Accounts receivable	5,072	30,781	-0-
Taxes and administrative fee receivable	9,038	31,858	-0-
Due from other governments	-0-	-0-	-0-
Property, plant, and equipment - Net	-0-	-0-	121,436
<b>Total Assets</b>	<u><u>\$ 252,028</u></u>	<u><u>\$ 1,002,210</u></u>	<u><u>\$ 128,867</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable/Accrued liabilities	\$ 232	\$ 956	\$ -0-
<b>Total Liabilities</b>	<u>232</u>	<u>956</u>	<u>-0-</u>
<b>Fund Equity:</b>			
Investment in general fixed assets	-0-	-0-	-0-
Retained earnings	-0-	-0-	128,867
<b>Fund balance:</b>			
Reserved for road projects	-0-	324,557	-0-
Undesignated	251,796	676,697	-0-
<b>Total Fund Equity</b>	<u>251,796</u>	<u>1,001,254</u>	<u>128,867</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 252,028</u></u>	<u><u>\$ 1,002,210</u></u>	<u><u>\$ 128,867</u></u>

See Notes to Financial Statements

<u>Fiduciary Fund Types Trust and Agency</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only) 03/31/04</u>
\$ (1,414)	\$ -0-	\$ 587,880
-0-	-0-	595,626
-0-	-0-	35,853
-0-	-0-	40,896
1,414	-0-	1,414
<u>-0-</u>	<u>1,875,738</u>	<u>1,997,174</u>
<u>\$ -0-</u>	<u>\$ 1,875,738</u>	<u>\$ 3,258,843</u>
\$ -0-	\$ -0-	\$ 1,188
<u>-0-</u>	<u>-0-</u>	<u>1,188</u>
-0-	1,875,738	1,875,738
-0-	-0-	128,867
-0-	-0-	324,557
<u>-0-</u>	<u>-0-</u>	<u>928,493</u>
<u>-0-</u>	<u>1,875,738</u>	<u>3,257,655</u>
<u>\$ -0-</u>	<u>\$ 1,875,738</u>	<u>\$ 3,258,843</u>

ALBERT TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only) 03/31/04</u>
Revenue:			
Taxes	\$ 104,212	\$ 446,279	\$ 550,491
State	217,869	-0-	217,869
Interest / royalties earned	19,444	16,087	35,531
Services and fees	150,650	134,490	285,140
Reimbursements, refunds, and donations	<u>119,578</u>	<u>32,979</u>	<u>152,557</u>
Total Revenue	<u>611,753</u>	<u>629,835</u>	<u>1,241,588</u>
Expenditures:			
Legislative	63,362	-0-	63,362
General government	226,208	-0-	226,208
Public safety	30,330	350,381	380,711
Public works	61,939	162,778	224,717
Recreation and cultural	4,972	9,678	14,650
Other	<u>167,451</u>	<u>-0-</u>	<u>167,451</u>
Total Expenditures	<u>554,262</u>	<u>522,837</u>	<u>1,077,099</u>
Excess:			
Revenue over (under)expenditures	57,491	106,998	164,489
Fund balance (deficit) - April 1	<u>194,305</u>	<u>894,256</u>	<u>1,088,561</u>
Fund balance (deficit) - March 31	<u>\$ 251,796</u>	<u>\$ 1,001,254</u>	<u>\$ 1,253,050</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	<u>General Fund</u>		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 103,010	\$ 104,212	\$ 1,202
State	237,403	217,869	(19,534)
Interest\Royalties	20,127	19,444	(683)
Services and fees	188,829	150,650	(38,179)
Reimbursements, refunds and donations	<u>4,266</u>	<u>119,578</u>	<u>115,312</u>
Total Revenue	<u>553,635</u>	<u>611,753</u>	<u>58,118</u>
Expenditures:			
Legislative	66,648	63,362	3,286
General government	238,839	226,208	12,631
Public safety	38,677	30,330	8,347
Public works	86,863	61,939	24,924
Recreation and cultural	9,131	4,972	4,159
Other	<u>70,477</u>	<u>167,451</u>	<u>(96,974)</u>
Total Expenditures	<u>510,635</u>	<u>554,262</u>	<u>(43,627)</u>
Excess:			
Revenue over (under) expenditures	<u>43,000</u>	<u>57,491</u>	<u>14,491</u>
Other financing sources (uses)			
Operating transfer (out)	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>
Total Other Financing (Uses)	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>
Excess:			
Revenue and other sources over (under)			
Expenditures and other (uses)	28,400	57,491	29,091
Fund balance (deficit) - April 1 restated	<u>194,305</u>	<u>194,305</u>	<u>-0-</u>
Fund balance (deficit) - March 31	<u>\$ 222,705</u>	<u>\$ 251,796</u>	<u>\$ 29,091</u>

See Notes to Financial Statements



Special Revenue			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 322,911	\$ 446,279	\$ 123,368	\$ 425,921	\$ 550,491	\$ 124,570
-0-	-0-	-0-	237,403	217,869	(19,534)
24,449	16,087	(8,362)	44,576	35,531	(9,045)
112,000	134,490	22,490	300,829	285,140	(15,689)
<u>305</u>	<u>32,979</u>	<u>32,674</u>	<u>4,571</u>	<u>152,557</u>	<u>147,986</u>
<u>459,665</u>	<u>629,835</u>	<u>170,170</u>	<u>1,013,300</u>	<u>1,241,588</u>	<u>228,288</u>
-0-	-0-	-0-	66,648	63,362	3,286
-0-	-0-	-0-	238,839	226,208	12,631
403,634	350,381	53,253	442,311	380,711	61,600
207,800	162,778	45,022	294,663	224,717	69,946
-0-	9,678	(9,678)	9,131	14,650	(5,519)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>70,477</u>	<u>167,451</u>	<u>(96,974)</u>
<u>611,434</u>	<u>522,837</u>	<u>88,597</u>	<u>1,122,069</u>	<u>1,077,099</u>	<u>44,970</u>
<u>(151,769)</u>	<u>106,998</u>	<u>258,767</u>	<u>(108,769)</u>	<u>164,489</u>	<u>273,258</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>
(151,769)	106,998	258,767	(123,369)	164,489	287,858
<u>894,256</u>	<u>894,256</u>	<u>-0-</u>	<u>1,088,561</u>	<u>1,088,561</u>	<u>-0-</u>
<u>\$ 742,487</u>	<u>\$ 1,001,254</u>	<u>\$ 258,767</u>	<u>\$ 965,192</u>	<u>\$ 1,253,050</u>	<u>\$ 287,858</u>

ALBERT TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

Operating Revenue:	
Charges for services	\$ <u>4,555</u>
Total Operating Revenue	<u>4,555</u>
Operating Expenses:	
Electricity	5,260
Depreciation	5,818
Contractual	<u>715</u>
Total Operating Expenses	<u>11,793</u>
Operating Income (Loss)	<u>(7,238)</u>
Nonoperating Revenue:	
Interest income	<u>61</u>
Total Nonoperating Revenue	<u>61</u>
Net Income (Loss)	(7,177)
Retained earnings - April 1	<u>136,044</u>
Retained earnings - March 31	<u><u>\$ 128,867</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

Cash Flows From Operating Activities:	
Cash received from customers	\$ 4,555
Cash payments for goods and services	<u>(5,975)</u>
Net Cash Provided From Operating Activities	<u>(1,420)</u>
Cash Flows From Capital and Related Financing Activities:	
Transfer from other fund	-0-
Loan from other fund	<u>-0-</u>
Net Cash Provided From Investing Activities	<u>-0-</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>61</u>
Net Cash Provided From Investing Activities	<u>61</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,359)
Cash and Cash Equivalents - Beginning of Year	<u>8,790</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 7,431</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (7,238)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>5,818</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,420)</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES

The Township is located in Montmorency County, Michigan and operates under an elected Township Board consisting of a Supervisor, Treasurer, Clerk and Trustees. This Board and its employees provides services to the residents in areas such as voter registration, maintenance of Township facilities, road maintenance, and recreational facility maintenance.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statement of other Montmorency governmental organizations listed below are not included in the financial statements of Albert Township.

The County operations are reported in financial statements separate from these statements as are those of other townships in the County. Education services are provided to citizens through the several local school districts which are also separate governmental entities.

B. BASIS OF PRESENTATION

Fund Accounting

The accounts of the township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The township maintains the following funds:

Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions.

Proprietary Funds

Enterprise Fund - Enterprise Funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

Account Groups

General Fixed Asset Group of Accounts - This account group presents the fixed assets of the local unit utilized in its general operations.

ALBERT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Trust and Agency - This fund accounts for assets held in a trustee capacity or an agent for withholding taxes submitted to various government agencies on a regular basis. These funds are also used during the tax collection process.

Basis of Accounting

The Township maintains its books and records on the modified accrual basis of accounting for all governmental fund types. Under this method, property taxes are recognized when levied and are measurable and available to fund current operations. Prepaid items such as insurance are recognized as expenditures when paid and other expenditures are generally recognized when the related fund liability is incurred. This method is in accordance with methods prescribed by the State Treasurer and accounting principles generally accepted in the United States of America.

Proprietary fund types are accounted for using the accrual method of accounting which recognizes revenue when earned and expenses when incurred.

C. GENERAL FIXED ASSETS (ALL EXCEPT PROPRIETARY FUNDS)

Fixed Asset purchases are recorded as expenditures during the year purchased. No depreciation is provided in the General Fixed Asset Group of Accounts in accordance with accounting principles generally accepted in the United States of America for municipalities. Donated assets are recorded at fair market value at date of donation.

D. FIXED ASSETS (WATER FUND)

Assets are capitalized at cost and depreciated over their estimated useful lives in accordance with accounting principles generally accepted in the United States of America for enterprise fund accounting. Depreciation is recorded using the straight-line method.

E. CURRENT PROPERTY TAX LEVY

The township tax is levied on December 1 of each year as of the preceding December 31 valuation and attach an enforceable lien on the property. The taxes are collected by the Township Treasurer through approximately March 1 of each year at which time the County Treasurer and Township Treasurer settle and all delinquent taxes are turned over to the County for ultimate collection. Montmorency County has a delinquent tax revolving fund which annually, on or before June 15, purchases all delinquent taxes thereby providing the township with its entire levy.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The budgets were adopted in accordance with Public Act 621 and were adopted on a basis consistent with accounting principles generally accepted in the United States of America. They are amended as appropriate throughout the fiscal year and lapse at the end of the year.

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

ALBERT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis.

During the year ended March 31, 2004, the Township incurred expenditures in the following areas which were in excess of the amounts appropriated.

General Fund:	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Grant	\$ 20,259	\$ 60,585	\$ (40,326)
Special Projects	\$ 50,218	\$ 106,866	\$ (56,648)
Special Revenue Fund:			
Library Fund	\$ -0-	\$ 9,678	\$ (9,678)

The Township did not budget for the library fund expenditures. This fund was added during the current fiscal year.

**NOTE 3 - CASH AND INVESTMENTS**

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>		<u>Cash Items</u>	
Cash demand and time deposits	\$ 587,880	Petty Cash	\$ 200
Investments	595,626	Savings and checking	84,048
		Certificates of	
		deposits	503,632
		Investments	595,626
	<u>\$ 1,183,506</u>		<u>\$ 1,183,506</u>

At year end, the carrying amount of the Township's deposits was \$587,680 and the bank balance was \$597,628. Of the bank balance, approximately 79.3% was covered by depository insurance.

The \$595,626 in investments are held in the National City Municipal Investment Trust which is a mutual fund and not required to be classified for risk purposes under GASB #3. The investments are uninsured.

**Statutory Authority**

Michigan law authorizes local units of government to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- b. Certificates of deposit issued by a State or National bank organized and authorized to operate a bank in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds registered under the Investment Company Act of 1940, or investment pools organized under specific state statutes.

ALBERT TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2004

NOTE 4 - GENERAL FIXED ASSETS/PROPERTY AND EQUIPMENT

	Balance 4/1/03	Reclassifications/ Additions	Deletions	Balance 3/31/04
Land and Improvements	\$ 214,285	\$ 60,586	\$ -0-	\$ 274,871
Buildings and Improvements	575,349	107,163	-0-	682,512
Machinery and Equipment	<u>965,308</u>	<u>36,167</u>	<u>83,213</u>	<u>918,355</u>
Total Assets	<u>\$ 1,754,942</u>	<u>\$ 203,916</u>	<u>\$ 83,120</u>	<u>\$ 1,875,738</u>

A summary of the equipment in the Water Enterprise Fund is as follows:

Original Cost	\$ 116,858
Additions	<u>74,295</u>
Total Cost	191,153
Accumulated Depreciation	<u>(69,717)</u>
Net Equipment	<u>\$ 121,436</u>

Depreciation computed over the 40 year estimated life on the straight-line method.

NOTE 5 - TOTAL COLUMN ON COMBINED STATEMENTS

The total column on the Combined Statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 6 - RISK MANAGEMENT

The township is exposed to risks of loss related to theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The township manages its risk exposures and provides certain employee benefits through commercial insurance coverage purchased from private insurers.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The Fire and Ambulance Fund recorded accounts receivable for ambulance service as of April 1, 2003 and the beginning fund balance was restated in the amount of \$36,975. During the fiscal year this change affected the excess of revenues over expenditures by \$6,337 as the receivable was \$30,638 at March 31, 2003 and \$30,781 at March 31, 2004.

ALBERT TOWNSHIP  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ 37,918	\$ 87,067
Investments	200,000	72,582
Accounts receivable	5,072	22,840
Taxes and administration fee receivable	9,038	7,956
Due from other funds	<u>-0-</u>	<u>6,283</u>
Total Assets	<u>\$ 252,028</u>	<u>\$ 196,728</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable and accrued liabilities	\$ <u>232</u>	\$ <u>2,423</u>
Total Liabilities	<u>232</u>	<u>2,423</u>
Fund Equity:		
Fund balance - unreserved	<u>251,796</u>	<u>194,305</u>
Total Fund Equity	<u>251,796</u>	<u>194,305</u>
Total Liabilities and Fund Equity	<u>\$ 252,028</u>	<u>\$ 196,728</u>

See Notes to Financial Statements



ALBERT TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003 ACTUAL

	<u>3/31/04</u>		Variance	3/31/03
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Revenue:				
Taxes	\$ 103,010	\$ 104,212	\$ 1,202	\$ 105,292
State/grant revenues	237,403	217,869	(19,534)	230,294
Interest/royalties earned	20,127	19,444	(683)	20,597
Cemetery	11,300	10,900	(400)	7,950
Services/fees/licenses	58,425	46,487	(11,938)	46,510
Transfer site	119,104	93,263	(25,841)	69,669
Donations	-0-	102,000	102,000	-0-
Reimbursements and refunds	<u>4,266</u>	<u>17,578</u>	<u>13,312</u>	<u>13,182</u>
Total Revenues	<u>553,635</u>	<u>611,753</u>	<u>58,118</u>	<u>493,494</u>
Expenditures:				
Legislative	66,648	63,362	3,286	70,045
General government	238,839	226,208	12,631	271,887
Public safety	38,677	30,330	8,347	27,936
Public works	86,863	61,939	24,924	82,669
Recreation and cultural	9,131	4,972	4,159	9,843
Other	<u>70,477</u>	<u>167,451</u>	<u>(96,974)</u>	<u>57,045</u>
Total Expenditures	<u>510,635</u>	<u>554,262</u>	<u>(43,627)</u>	<u>519,425</u>
Excess:				
Revenues over (under) expenditures	<u>43,000</u>	<u>57,491</u>	<u>14,491</u>	<u>(25,931)</u>
Other financing sources (uses):				
Operating transfers out	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>	<u>(71,666)</u>
Total Other Financing Sources (Uses)	<u>(14,600)</u>	<u>-0-</u>	<u>14,600</u>	<u>(71,666)</u>
Excess:				
Revenue and other sources over (under) expenditures and other (uses)	28,400	57,491	29,091	(97,597)
Fund balance (deficit) - April 1	<u>194,305</u>	<u>194,305</u>	<u>-0-</u>	<u>291,902</u>
Fund balance (deficit) - March 31	<u>\$ 222,705</u>	<u>\$ 251,796</u>	<u>\$ 29,091</u>	<u>\$ 194,305</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
 DETAIL SCHEDULE OF REVENUES  
 BUDGET TO ACTUAL - GENERAL FUND  
 YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$ 77,000	\$ 81,554	\$ 4,554
Swamp tax	22,283	22,284	1
Other taxes	862	374	(488)
Penalties	<u>2,865</u>	<u>-0-</u>	<u>(2,865)</u>
	<u>103,010</u>	<u>104,212</u>	<u>1,202</u>
STATE REVENUES:			
Revenue Sharing	187,403	188,837	1,434
Grant	50,000	27,878	(22,122)
Other	<u>-0-</u>	<u>1,154</u>	<u>1,154</u>
	<u>237,403</u>	<u>217,869</u>	<u>(19,534)</u>
INTEREST/ROYALTIES			
Interest	4,967	2,137	(2,830)
Royalties	<u>15,160</u>	<u>17,307</u>	<u>2,147</u>
	<u>20,127</u>	<u>19,444</u>	<u>(683)</u>
CEMETERY REVENUE	<u>11,300</u>	<u>10,900</u>	<u>(400)</u>
CHARGES FOR SERVICES			
Tax administration fee	36,945	36,822	(123)
Zoning permits/fees	9,500	8,903	(597)
Other fees	<u>11,980</u>	<u>762</u>	<u>(11,218)</u>
	<u>58,425</u>	<u>46,487</u>	<u>(11,938)</u>
TRANSFER SITE REVENUE	<u>119,104</u>	<u>93,263</u>	<u>(25,841)</u>
DONATIONS	<u>-0-</u>	<u>102,000</u>	<u>102,000</u>
REIMBURSEMENTS AND REFUNDS	<u>4,266</u>	<u>17,578</u>	<u>13,312</u>
Total Revenues	<u>\$ 553,635</u>	<u>\$ 611,753</u>	<u>\$ 58,118</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
GENERAL FUND  
EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Legislative:			
Township Board	\$ 66,648	\$ 63,362	\$ 3,286
Total Legislative	<u>66,648</u>	<u>63,362</u>	<u>3,286</u>
General Government:			
Supervisor	12,206	12,181	25
Election	880	126	754
Assessor	48,519	47,625	894
Clerk	41,721	41,067	654
Board of Review	1,500	576	924
Treasurer	43,208	40,949	2,259
Town Hall	84,459	78,716	5,743
Chamber of Commerce Building	275	211	64
Township Garage	4,821	3,988	833
Cemetery	<u>1,250</u>	<u>769</u>	<u>481</u>
Total General Government	<u>238,839</u>	<u>226,208</u>	<u>12,631</u>
Public Safety:			
Zoning	36,691	29,039	7,652
Board of Appeals	1,544	998	546
State Police Post Utilities	<u>442</u>	<u>293</u>	<u>149</u>
Total Public Safety	<u>38,677</u>	<u>30,330</u>	<u>8,347</u>
Public Works:			
Transfer Site	<u>86,863</u>	<u>61,939</u>	<u>24,924</u>
Total Public Works	<u>86,863</u>	<u>61,939</u>	<u>24,924</u>
Recreation and Cultural:			
Parks and Recreation	7,700	3,793	3,907
Library Utilities	<u>1,431</u>	<u>1,179</u>	<u>252</u>
Total Recreation and Culture	<u>9,131</u>	<u>4,972</u>	<u>4,159</u>
Other:			
Grant	20,259	60,585	(40,326)
Special projects	<u>50,218</u>	<u>106,866</u>	<u>(56,648)</u>
Total Other	<u>70,477</u>	<u>167,451</u>	<u>(96,974)</u>
Total Expenditures	<u>510,635</u>	<u>554,262</u>	<u>(43,627)</u>
Other Financing Uses:			
Operating Transfer Out	<u>14,600</u>	<u>-0-</u>	<u>14,600</u>
Total Expenditures and Other Financing (Uses)	<u>\$ 525,235</u>	<u>\$ 554,262</u>	<u>\$ (29,027)</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
 DETAIL ANALYSIS OF EXPENDITURES  
 FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>3/31/04</u>	<u>3/31/03</u>
<u>LEGISLATIVE</u>		
<u>Township Board</u>		
Salary and wages	\$ 7,573	\$ 8,232
Payroll taxes	1,465	13,715
Dues	2,204	2,755
Insurance and bonds	22,016	12,778
Education	137	954
Office supplies	14,213	10,486
Other	176	1,103
Contractual	4,552	4,485
Attorney	11,026	11,661
Capital outlay	-0-	3,876
	<u>63,362</u>	<u>70,045</u>
<u>GENERAL GOVERNMENT</u>		
<u>Supervisor</u>		
Salary and wages	10,707	11,576
Fringe benefits	787	-0-
Other	238	377
Education	449	1,863
	<u>12,181</u>	<u>13,816</u>
<u>Election</u>		
Auto expense	-0-	119
Supplies	75	279
Publication	-0-	507
Contractual	51	3,432
	<u>126</u>	<u>4,337</u>
<u>Assessor</u>		
Auto expense	162	149
Office supplies	139	898
Contractual	47,324	42,083
Capital outlay	-0-	2,014
	<u>47,625</u>	<u>45,144</u>
<u>Clerk</u>		
Salary and wages	31,598	33,590
Fringe benefits	5,979	-0-
Education	2,064	2,296
Printing and publishing	1,216	3,376
Other	210	2,525
	<u>41,067</u>	<u>41,787</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
 DETAIL ANALYSIS OF EXPENDITURES  
 FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>3/31/04</u>	<u>3/31/03</u>
<u>GENERAL GOVERNMENT (CONTINUED)</u>		
<u>Board of Review</u>		
Salary and wages	\$ 300	\$ 1,510
Other	256	389
Auto expense	<u>20</u>	<u>20</u>
	<u>576</u>	<u>1,919</u>
<u>Treasurer</u>		
Salary and wages	25,676	23,828
Fringe benefits	6,838	-0-
Office supplies	1,436	2,552
Contractual services	6,710	3,150
Education	289	2,168
Auto expense	<u>-0-</u>	<u>157</u>
	<u>40,949</u>	<u>31,855</u>
<u>Town Hall</u>		
Salary and wages	50,527	47,438
Fringe benefits	8,908	17,147
Office supplies	781	5,027
Operating supplies	4,156	6,084
Fuel	1,098	1,344
Contractual	5,907	8,632
Telephone	2,604	3,576
Utilities	3,211	5,464
Maintenance and repairs	1,524	3,439
Capital outlay	<u>-0-</u>	<u>28,598</u>
	<u>78,716</u>	<u>126,749</u>
<u>Chamber of Commerce Building</u>		
Contractual	<u>211</u>	<u>1,671</u>
<u>Township Garage</u>		
Utilities	2,276	2,061
Repairs/supplies	<u>1,712</u>	<u>689</u>
	<u>3,988</u>	<u>2,750</u>
<u>Cemetery</u>		
Contractual	321	225
Supplies	448	920
Capital outlay	<u>-0-</u>	<u>714</u>
	<u>769</u>	<u>1,859</u>
<u>PUBLIC SAFETY</u>		
<u>State Police Mini Post</u>		
Utilities	<u>293</u>	<u>-0-</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
 DETAIL ANALYSIS OF EXPENDITURES  
 FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003

	<u>3/31/04</u>	<u>3/31/03</u>
<u>PUBLIC SAFETY (CONTINUED)</u>		
<u>Zoning</u>		
Salary and wages	\$ 17,952	\$ 18,536
Fringe benefits	5,030	-0-
Auto expense	1,350	1,352
Printing and publishing	375	1,954
Office supplies/other	901	285
Education	824	968
Contractual	2,442	2,546
Dues	<u>165</u>	<u>55</u>
	<u>29,039</u>	<u>25,696</u>
<u>Board of Appeals</u>		
Salary and wages	670	1,644
Other	<u>328</u>	<u>596</u>
	<u>998</u>	<u>2,240</u>
<u>Transfer Site</u>		
Salary and wages	9,259	11,745
Fringe benefits	1,021	-0-
Supplies	622	-0-
Contractual services	<u>51,037</u>	<u>70,924</u>
	<u>61,939</u>	<u>82,669</u>
<u>RECREATION AND CULTURAL</u>		
<u>Parks and Recreation</u>		
Contractual services	1,770	2,140
Utilities	848	687
Maintenance and repairs	704	2,527
Supplies	<u>471</u>	<u>4,489</u>
	<u>3,793</u>	<u>9,843</u>
<u>Library</u>		
Utilities	<u>1,179</u>	<u>-0-</u>
<u>Other</u>		
Grant	60,585	46,674
Special Projects - capital outlay	<u>106,866</u>	<u>10,371</u>
	<u>167,451</u>	<u>57,045</u>
Total Expenditures	554,262	519,425
Other Financing (Uses):		
Operating Transfer (Out)	<u>-0-</u>	<u>71,666</u>
Total Expenditures and Other Financing (Uses)	<u>\$ 554,262</u>	<u>\$ 591,091</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS  
MARCH 31, 2004

	<u>Fire and Ambulance</u>	<u>Road</u>	<u>Library</u>	<u>Total</u>
<b>ASSETS</b>				
Cash demand and time deposits	\$ 226,861	\$ 316,762	\$ 322	\$ 543,945
Investments	395,626	-0-	-0-	395,626
Accounts receivable	30,781	-0-	-0-	24,063
Taxes receivable	24,063	7,795	-0-	38,576
Due from other funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 677,331</u>	<u>\$ 324,557</u>	<u>\$ 322</u>	<u>\$ 1,002,210</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	<u>\$ 956</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 956</u>
Total Liabilities	<u>956</u>	<u>-0-</u>	<u>-0-</u>	<u>956</u>
Fund Equity:				
Fund balance:				
Reserved for road projects	-0-	324,557	-0-	324,557
Undesignated	<u>676,375</u>	<u>-0-</u>	<u>322</u>	<u>676,697</u>
Total Fund Equity	<u>676,375</u>	<u>324,557</u>	<u>322</u>	<u>1,001,254</u>
Total Liabilities and Fund Equity	<u>\$ 677,331</u>	<u>\$ 324,557</u>	<u>\$ 322</u>	<u>\$ 1,002,210</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	<u>Fire and Ambulance</u>	<u>Road</u>	<u>Library</u>	<u>Total</u>
Revenue:				
Taxes	\$ 336,725	\$ 109,554	\$ -0-	\$ 446,279
Local/Reimbursements	22,979	-0-	10,000	32,979
Interest	11,185	4,902	-0-	16,087
Services	<u>134,490</u>	<u>-0-</u>	<u>-0-</u>	<u>134,490</u>
Total Revenue	<u>505,379</u>	<u>114,456</u>	<u>10,000</u>	<u>629,835</u>
Expenditures:				
Wages	190,608	-0-	-0-	190,608
Fringe benefits	25,222	-0-	-0-	25,222
Supplies	41,285	-0-	-0-	41,285
Service charges	44,288	162,778	-0-	207,066
Repairs and maintenance	7,852	-0-	-0-	7,852
Capital outlay	38,860	-0-	9,678	48,538
Miscellaneous	<u>2,266</u>	<u>-0-</u>	<u>-0-</u>	<u>2,266</u>
Total Expenditures	<u>350,381</u>	<u>162,778</u>	<u>9,678</u>	<u>522,837</u>
Excess:				
Revenue over (under) expenditures	154,998	(48,322)	322	(106,998)
Fund balance (deficit) - April 1	<u>521,377</u>	<u>372,879</u>	<u>-0-</u>	<u>894,256</u>
Fund balance (deficit) - March 31	<u>\$ 676,375</u>	<u>\$ 324,557</u>	<u>\$ 322</u>	<u>\$ 1,001,254</u>

See Notes to Financial Statements



ALBERT TOWNSHIP  
FIRE AND AMBULANCE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ 226,861	\$ 329,646
Investments	395,626	140,000
Accounts receivable	30,781	30,638
Taxes receivable	24,063	14,866
Due from other funds	<u>-0-</u>	<u>8,171</u>
Total Assets	<u>\$ 677,331</u>	<u>\$ 523,321</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ <u>956</u>	\$ <u>1,944</u>
Total Liabilities	<u>956</u>	<u>1,944</u>
Fund Equity:		
Fund Balance	<u>676,375</u>	<u>521,377</u>
Total Fund Equity	<u>676,375</u>	<u>521,377</u>
Total Liabilities and Fund Equity	<u>\$ 677,331</u>	<u>\$ 523,321</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
FIRE AND AMBULANCE FUND  
STATEMENT OF REVENUES BY SOURCES AND EXPENDITURES BY OBJECT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003 ACTUAL

	3/31/04		Variance	3/31/03
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenue:				
Taxes	\$ 216,943	\$ 336,725	\$ 119,782	\$ 216,017
Interest earned	14,269	11,185	(3,084)	15,374
Ambulance services	112,000	134,490	22,490	130,607
Other	305	22,979	22,674	8,066
Total Revenue	<u>343,517</u>	<u>505,379</u>	<u>161,862</u>	<u>370,064</u>
Expenditures:				
Wages	217,064	190,608	26,456	143,934
Fringe benefits	26,613	25,222	1,391	18,861
Supplies/Fuel	32,145	41,285	(9,140)	51,407
Insurance	10,965	9,684	1,281	9,965
Repairs and maintenance	26,950	7,852	19,098	27,594
Capital outlay	26,500	38,860	(12,360)	941
Miscellaneous	595	2,266	(1,671)	4,758
Education	8,100	2,809	5,291	7,189
Auto expense	3,500	4,148	(648)	2,670
Contractual	39,762	17,284	22,478	25,704
Utilities and telephone	9,000	7,905	1,095	8,805
Dues and memberships	1,240	1,121	119	1,252
Printing and publishing	1,200	1,337	(137)	1,044
Total Expenditures	<u>403,634</u>	<u>350,381</u>	<u>53,253</u>	<u>304,124</u>
Excess:				
Revenues over (under) expenditures	(60,117)	154,998	215,115	65,940
Fund balance (deficit)-April 1	<u>521,377</u>	<u>521,377</u>	<u>-0-</u>	<u>418,462</u>
Prior period adjustment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>36,975</u>
Fund balance (deficit)- April 1	<u>521,311</u>	<u>521,377</u>	<u>-0-</u>	<u>455,437</u>
Fund balance (deficit) - March 31	<u>\$ 461,260</u>	<u>\$ 676,375</u>	<u>\$ 215,115</u>	<u>\$ 521,377</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
ROAD FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ 316,762	\$ 143,475
Investments	-0-	218,000
Taxes receivable	7,795	7,368
Due from other funds	<u>-0-</u>	<u>4,036</u>
Total Assets	<u>\$ 324,557</u>	<u>\$ 372,879</u>
 FUND EQUITY:		
Fund Equity:		
Fund balance:		
Reserved for road projects	<u>324,557</u>	<u>372,879</u>
Total Fund Equity	<u>\$ 324,557</u>	<u>\$ 372,879</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
ROAD FUND  
STATEMENT OF REVENUES BY SOURCE AND EXPENDITURES BY OBJECT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003 ACTUAL

	<u>3/31/04</u>		Variance	3/31/03
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Revenue:				
Taxes	\$ 105,968	\$ 109,554	\$ 3,586	\$ 107,081
Interest earned	<u>10,180</u>	<u>4,902</u>	<u>(5,278)</u>	<u>12,699</u>
Total Revenue	<u>116,148</u>	<u>114,456</u>	<u>(1,692)</u>	<u>119,780</u>
Expenditures:				
Contractual services	<u>207,800</u>	<u>162,778</u>	<u>45,022</u>	<u>198,929</u>
Total Expenditures	<u>207,800</u>	<u>162,778</u>	<u>45,022</u>	<u>198,929</u>
Excess:				
Revenue over (under) expenditures	(91,652)	(48,322)	43,330	(79,149)
Fund balance (deficit)-April 1	<u>372,879</u>	<u>372,879</u>	<u>-0-</u>	<u>452,028</u>
Fund balance (deficit)-March 31	<u>\$ 281,227</u>	<u>\$ 324,557</u>	<u>\$ 43,330</u>	<u>\$ 372,879</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
LIBRARY FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ <u>322</u>	\$ <u>- 0 -</u>
Total Assets	<u>\$ <u>322</u></u>	<u>\$ <u>- 0 -</u></u>
 FUND EQUITY:		
Fund Equity:		
Fund balance:		
Reserved for road projects	<u>322</u>	<u>- 0 -</u>
Total Fund Equity	<u>\$ <u>322</u></u>	<u>\$ <u>- 0 -</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
LIBRARY FUND  
STATEMENT OF REVENUES BY SOURCE AND EXPENDITURES BY OBJECT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND COMPARISON TO MARCH 31, 2003 ACTUAL

	<u>3/31/04</u>		Variance	3/31/03
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Revenue:				
Donations	<u>\$ -0-</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -0-</u>
Total Revenue	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>
Expenditures:				
Contractual services	<u>-0-</u>	<u>9,678</u>	<u>(9,678)</u>	<u>-0-</u>
Total Expenditures	<u>-0-</u>	<u>9,678</u>	<u>(9,678)</u>	<u>-0-</u>
Excess:				
Revenue over (under) expenditures	<u>-0-</u>	<u>322</u>	<u>322</u>	<u>-0-</u>
Fund balance (deficit)-April 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance (deficit)-March 31	<u><u>\$ -0-</u></u>	<u><u>\$ 322</u></u>	<u><u>\$ 322</u></u>	<u><u>\$ -0-</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
WATER FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ 7,431	\$ 1,790
Investments	-0-	7,000
Property, plant, and equipment - net	<u>121,436</u>	<u>127,254</u>
Total Assets	<u>\$ 128,867</u>	<u>\$ 136,044</u>
 FUND EQUITY		
Fund Equity:		
Retained earnings	<u>\$ 128,867</u>	<u>\$ 136,044</u>
Total Fund Equity	<u>\$ 128,867</u>	<u>\$ 136,044</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
WATER FUND  
STATEMENT OF REVENUES BY SOURCE AND EXPENSES BY OBJECT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>3/31/04</u>	<u>3/31/03</u>
Operating Revenue:		
Charges for services	\$ 4,555	\$ 3,222
Total Operating Revenue	<u>4,555</u>	<u>3,222</u>
Operating Expenses:		
Electricity	5,260	2,517
Depreciation	5,818	5,818
Contractual	<u>715</u>	<u>7,226</u>
Total Operating Expenses	<u>11,793</u>	<u>15,561</u>
Operating Income (Loss)	<u>(7,238)</u>	<u>(12,339)</u>
Nonoperating Revenue:		
Interest income	61	89
Operating transfer in	<u>-0-</u>	<u>71,666</u>
Total Nonoperating Revenue	<u>61</u>	<u>71,755</u>
Net Income (Loss)	(7,177)	59,416
Retained earnings - April 1	<u>136,044</u>	<u>76,628</u>
Retained earnings - March 31	<u>\$ 128,867</u>	<u>\$ 136,044</u>

See Notes to Financial Statements



ALBERT TOWNSHIP  
WATER FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004 AND MARCH 31, 2003

	<u>3/31/04</u>	<u>3/31/03</u>
Cash Flows From Operating Activities:		
Cash received from customers	\$ 4,555	\$ 3,222
Cash payments for goods and services	<u>(5,975)</u>	<u>(9,743)</u>
Net Cash Provided From Operating Activities	<u>(1,420)</u>	<u>(6,521)</u>
Cash Flows From Capital and Related Financing Activities:		
Loan from other fund	-0-	(65,235)
Transfer from other fund	<u>-0-</u>	<u>71,666</u>
Net Cash Provided From Financing Activities	<u>-0-</u>	<u>6,431</u>
Cash Flows From Investing Activities:		
Interest on investments	<u>61</u>	<u>89</u>
Net Cash Provided From Investing Activities	<u>61</u>	<u>89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,359)	(1)
Cash and Cash Equivalents - Beginning of Year	<u>8,790</u>	<u>8,791</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 7,431</u></u>	<u><u>\$ 8,790</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (7,238)	\$ (12,339)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	<u>5,818</u>	<u>5,818</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,420)</u></u>	<u><u>\$ (6,521)</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
CURRENT TAX COLLECTION FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Cash demand and time deposits	\$ (1,414)	\$ 1,521
Investments	-0-	25,000
Taxes receivable	-0-	4,263
Due from other governments	<u>1,414</u>	<u>-0-</u>
Total Assets	<u>\$ -0-</u>	<u>\$ 30,784</u>
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to other governmental entities	\$ -0-	\$ 12,294
Due to Other funds	<u>-0-</u>	<u>18,490</u>
Total Liabilities	<u>\$ -0-</u>	<u>\$ 30,784</u>

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2004

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
ASSETS				
Cash demand and time deposits	\$ 26,521	\$ 3,468,705	\$ 3,496,640	\$ (1,414)
Taxes receivable	4,263	-0-	4,263	-0-
Due from other governments	<u>-0-</u>	<u>1,414</u>	<u>-0-</u>	<u>1,414</u>
Total Assets	<u>\$ 30,784</u>	<u>\$ 3,470,119</u>	<u>\$ 3,500,903</u>	<u>\$ -0-</u>
LIABILITIES				
Due to other governmental entities/funds	<u>\$ 30,784</u>	<u>\$ 3,470,119</u>	<u>\$ 3,500,903</u>	<u>\$ -0-</u>
Total Liabilities	<u>\$ 30,784</u>	<u>\$ 3,470,119</u>	<u>\$ 3,500,903</u>	<u>\$ -0-</u>

See Notes to Financial Statements

ALBERT TOWNSHIP  
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS  
GROUP OF ACCOUNTS  
MARCH 31, 2004 AND 2003

ASSETS	<u>3/31/04</u>	<u>3/31/03</u>
Land and improvements	\$ 274,871	\$ 214,285
Buildings and improvements	682,512	575,349
Machinery and equipment	<u>918,355</u>	<u>965,308</u>
Total Fixed Assets	<u>\$ 1,875,738</u>	<u>\$ 1,754,942</u>
 FUND EQUITY		
Investment in fixed assets	<u>\$ 1,875,738</u>	<u>\$ 1,754,942</u>
Total Fund Equity	<u>\$ 1,875,738</u>	<u>\$ 1,754,942</u>

See Notes to Financial Statements



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-7219

## FINANCIAL AUDIT COMMENTS

September 16, 2004

Albert Township Board  
Lewiston, Michigan 49756

In planning and performing my audit of the general purpose financial statements of Albert Township, for the year ended March 31, 2004, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Albert Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

### Fixed Assets

The general fixed asset schedule was correct for the most part, but did not include several large assets received/constructed during 2003/04. The library building should be recorded at an acquisition cost equal to fair market value with the offset being a donation revenue. The construction at the beach facility also should be added to fixed assets. In addition anything paid for with Federal or State grants should be added to our fixed asset schedule even if the items are paid for by a third party such as the County.

During the year a dump trailer was sold without a bid process or any formal notice that the trailer was available for sale. Sales such as this should be posted so that anyone interested would have the opportunity to purchase the expendable items.

During the year, with Albert Township funds and some Federal Homeland Security grant funds, the Township fire and ambulance department purchased air masks and related air cylinders. In order to accommodate the federal grant, a vendor changed several invoices, and in fact billed for one mask never received by the Township. The mask was paid for by the County on behalf of Albert township with federal grant funds.

With all of these federal grants available, it is imperative that the record keeping be above reproach. It is critical to make certain these dollars are spent for the security equipment deemed most important and that proper records are kept of all purchases.

### Tax Collection Fund

The checks paying the final transfer of taxes collected during the winter collection were written March 4, 2004 so were subtracted from the tax collection fund on that date, however, the checks were not deposited into the general, fire and ambulance, and road funds until 5/4/04. This made the tax revenue accounts in all funds incorrect. All taxes should be disbursed from the tax account and deposited into the operating accounts prior to March 31 of each year.

### Payroll Procedures

Through inquiry and observation we noted that periodically pay due various fire and ambulance employees are either held at the employee request or paid to, for example, a spouse. This should never occur. Pay should be issued periodically along with everyone else who worked during the period and the check should be issued to the individual performing the work. There also are incentive pay amounts paid upon license renewal which have not been included in the employee W-2. These amounts are like any other wage and should be added into the W-2.

During the year, a payroll tax deposit for federal withholding and FICA was incorrectly computed and an under deposit situation occurred. To assure this doesn't occur in the future the quarterly payroll 941 report should be used to balance each quarter and at year end make certain the four quarterly reports filed agree to the total on the W-3. We understand you are doing this now.

### Budgets

The budget number as reported on the final income budget statement did not include all the budgeted numbers. When the report was formatted all of the accounts were not printing. In the future, you need to recheck the report format, especially for new revenue or expense accounts which are added during the fiscal year.

### Bank Accounts

We noted authorized signers on several of the bank accounts were former township officials. All accounts should be reviewed annually and new signature cards should be completed to assure only current officials are authorized signers.

### Budget Overages

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis.


During the year ended March 31, 2004, the Township incurred expenditures in the following areas which were in excess of the amounts appropriated.

General Fund:	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Grants	\$ 20,259	\$ 60,585	\$ (40,326)
Special Projects	\$ 50,218	\$106,866	\$ (56,648)
Special Revenue:			
Library	\$ -0-	\$ 9,678	\$ (9,678)

The Township did not budget for the library fund expenditures. This fund was added during the fiscal year.

This report is intended solely for the information and use of Albert Township's management, others within the administration, and Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Thomas R. Zick CPA, P.C.  
Certified Public Accountant



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-7219

September 16, 2004

Albert Township Board  
Lewiston, MI 49756

In planning and performing my audit of the financial statements of Albert Township for the year ended March 31, 2004, I considered the Township's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. The consideration I gave to the internal control structure was not sufficient for me to provide any form of assurance on it. However, in reviewing the Township's processes and systems, I made observations I feel should be communicated to you and I have done so in a separate letter dated September 16, 2004. In addition I have summarized other areas for Board consideration involving internal controls and fraud considerations.

If you have any questions on the information contained in this letter please contact me.

Sincerely,

Thomas R. Zick CPA, P.C.

Enclosure

## Internal Controls

Over a relatively short period of time, there have been several large fraud related cases documented in the mid-Michigan area, as well as in other areas of Michigan and throughout the country. These highly publicized cases have raised significant concerns for management of many organizations, as well as the board members of these not-for-profit organizations and governmental organizations, concerning their organization's vulnerability to internal or external fraud related activities. It is strongly believed that all organizations, both small and large, have some level of risk in this area and even having the "best practices" in place will not necessarily prevent the occurrence of this unfortunate activity.

Through many recent conversations with my clients regarding their susceptibility to fraud, it was noted the most important element necessary to reduce the risk of fraud is to have a sound organizational structure, which includes sound accounting and internal control policies and procedures (IN THE EYES OF THEIR EMPLOYEES). One of the key aspects of strong controls, and thus a deterrent, is senior management's support and involvement with accounting and internal control monitoring and related decisions.

Some of the key areas to focus on include, but are not limited to, the following:

- Cash receipts handling and posting to general ledgers including the initial posting of cash receipts and delinquent tax receipts.
- Posting of adjusting journal entries to the ledger
- Cash disbursements, including the establishment of vendor master files in the computer system and maintenance and controls surrounding the signature of cash disbursement checks.
- Payroll, including the access to all master files detailing wage rates and other information, and the establishment of new employees in the computer system.
- Proper approval procedures for all disbursements including a good checks and balances system i.e.: no one person responsible for this function.



## Fraud Considerations

### **Statement on Auditing Standards No. 99 (SAS 99), consideration of Fraud in a Financial Statement Audit**

Effective for the year ended December 31, 2003, Statement on Auditing Standards No. 99 (SAS 99), *Consideration of Fraud in a Financial Statement Audit*, requires additional audit procedures addressing the risk of fraud in an organization. Our responsibility is not to detect fraud, but to detect material misstatements in the financial statements caused by fraud, and our consideration of fraud is integrated into the overall audit process.

Types of fraud include intentional misstatements or omissions in financial reporting and misappropriation of assets. SAS 99 requires auditors to address:

- How and where the client's financial statements might be susceptible to material misstatement due to fraud and what conditions might be present to allow fraud to occur.
- How management could perpetrate and conceal fraud.
- How management or employees could misappropriate assets of the client.

In addition, SAS 99 requires auditors to make inquiry of:

- Management regarding their awareness and understanding of fraud, fraud risks, and steps taken to mitigate risks.
- Others within the entity, including board members, non-financial executives, administrators, and non-management personnel not directly involved in the financial reporting process, regarding the existence or suspicion of fraud and the individual's views about the risks of fraud within the entity.

Risk areas identified through inquiries and based on industry knowledge will significantly affect the audit process. With your help, the implementation of these new standards will certainly lead to a greater comfort in the controls you have designed and implemented. It may even create greater efficiency in the accounting process as a byproduct of the process.

### **Creating a Culture of Honesty and High Ethics**

It is the government's responsibility to establish core values and to effectively communicate the values to employees in order to create a culture with high ethical standards. The AICPA has included the following as key components necessary for the creation of such a culture.

## **Fraud Considerations (continued)**

### **Setting the Tone at the Top**

Management, through the modeling of high ethics themselves and effectively communicating expectations to employees, is responsible for leading the effort to create the appropriate culture within a Township.

### **Creating a Positive Workplace Environment**

The creation of a positive workplace environment, where employees feel they are treated fairly, has proven to reduce the risk of fraud. This type of environment could be created as follows:

- Allowing employees to provide input related to the code of conduct
- Enabling employees to internally seek advice concerning decisions that appear to have ethical implications
- Establishment of a fair reward system
- Implementation of team-focused decision making policies

### **Hiring and Promoting Appropriate Employees**

Policies must be effective in reducing the chances of hiring and promoting individuals with low ethical standards.

### **Training**

Core values expressing an attitude of intolerance toward unethical behavior should be communicated immediately to new hires and should be re-communicated periodically to all employees.

### **Confirmation**

Reinforcement of core values occurs if the employees are required to sign a code of conduct statement.

### **Discipline**

Consequences of unethical behavior should be communicated upfront, and management response to unethical behavior should be consistent with the consequences communicated. Management's response demonstrates the level of commitment to the ethical standards and could deter future wrongdoing.

## **Fraud Considerations (continued)**

### **Evaluating Antifraud Processes and Controls**

Perceived opportunity to successfully commit fraud increases the risk that fraud will occur. The following can help in reducing the opportunity for fraud:

### **Identifying and Measuring Fraud Risks**

The government's vulnerability to fraudulent activity (including fraudulent financial reporting, misappropriation of assets, bribery and other illegal acts) should be assessed.

### **Implementing and Monitoring Appropriate Internal Controls**

Internal processes can be modified to reduce fraud risk. Examples of such process modifications are as follows:

- Additional review of the procurement process
- Segregation of duties
- Adequate scrutiny of interim financial reports and budget reports by management

### **Developing an Appropriate Oversight Process**

Whether it is external or internal oversight, appropriate oversight should be identified and established.

### **Township Board**

The governing board is ultimately responsible for ensuring management is doing an effective job of monitoring fraud risk and implementing procedures to mitigate fraud risk. Therefore, the Board should be evaluating management's assessments and controls. Also, the Board should assess management's ability to override controls and to establish controls to minimize this risk.

### **Independent Auditors**

Independent auditors can provide an assessment of the government's process for identifying, assessing and responding to the risk of fraud.

## **Fraud Considerations (continued)**

### **Certified Fraud Examiners**

Certified Fraud Examiners can provide additional insight into the risk assessment.

### **Other Information**

The following Web sites provide additional guidance on fraud and the implementation of anti-fraud programs and controls:

American Institute of Certified Public Accountants	<a href="http://www.aicpa.org">www.aicpa.org</a>
Association of Certified Fraud Examiners	<a href="http://www.cfenet.com">www.cfenet.com</a>
Financial Executives International	<a href="http://www.fei.org">www.fei.org</a>
Information Systems Audit and Control Association	<a href="http://www.isaca.org">www.isaca.org</a>
The Institute of Internal Auditors	<a href="http://www.theiia.org">www.theiia.org</a>
Institute of Management Accountants	<a href="http://www.imanet.org">www.imanet.org</a>
National Association of Corporate Directors	<a href="http://www.nacdonline.org">www.nacdonline.org</a>
Society for Human Resource Management	<a href="http://www.shrm.org">www.shrm.org</a>